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PP RUEHWEB

DE RUEHDG #2570/01 3202020
ZNY CCCCC ZZH
P 162020Z NOV 07
FM AMEMBASSY SANTO DOMINGO
TO RUEHC/SECSTATE WASHDC PRIORITY 9632
INFO RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY
RUEHWN/AMEMBASSY BRIDGETOWN PRIORITY 2122
RUEHCV/AMEMBASSY CARACAS PRIORITY 0847
RUEHGE/AMEMBASSY GEORGETOWN PRIORITY 1032
RUEHKG/AMEMBASSY KINGSTON PRIORITY 2817
RUEHPO/AMEMBASSY PARAMARIBO PRIORITY 1163
RUEHPU/AMEMBASSY PORT AU PRINCE PRIORITY 4742
RUEHSP/AMEMBASSY PORT OF SPAIN PRIORITY 1864
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C O N F I D E N T I A L SANTO DOMINGO 002570

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E.O. 12958: DECL: 11/16/2017
TAGS: [PGOV](#) [PHUM](#) [ECON](#) [VE](#) [DR](#)
SUBJECT: SANTO DOMINGO ECONOMIC-POLITICAL ROUNDUP, NOVEMBER
16, 2007

Classified By: Charge d'Affaires Roland W. Bullen, Reasons 1.4(b), (d)

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- [¶1. \(C\) Leftist Summit Postponed; Chavez May Still Visit](#)

The Dominican Government, which had planned to host the "International Meeting of the Left and Progressive Movements in Latin America" November 23-25, has postponed the event due to the serious flooding caused by Tropical Storm Noel. No new date has been announced for the summit, which was to be attended by President Lula of Brazil and President Preval of Haiti. In addition, Dominican Deputy Foreign Minister Trullols told the Charge that President Chavez of Venezuela "might invite himself" and, if so, the Dominicans would have to do a careful "dance" given the importance of Chavez's PetroCaribe program to the economy here. Despite the postponement of the leftist summit, Chavez may still visit soon. Following a recent meeting with Venezuelan Ambassador Landis, the Santo Domingo Mayor Roberto Salcedo told the press that Chavez might visit shortly to deliver relief supplies for the recent flooding.

- [¶2. \(SBU\) New Poll Gives Fernandez 12-Point Lead in Presidential Race](#)

A poll released on November 15 by the online newspaper Clave Digital shows President Fernandez of the PLD party with 42 percent of the vote, followed by the PRD's Miguel Vargas Maldonado at 30 percent, and the PRSC's Amable Aristy Castro with 17 percent. The news was not all bad for Vargas: In the country's second largest city, Santiago, which has seen considerable job losses due to the decline of the textile industry, the poll shows the Vargas leading the incumbent by 8 percent. Aristy's 17 percent is noteworthy, as it is 10 points higher than his party's candidate received in 2004.

In addition, the new poll shows Aristy only 5 percent behind Fernandez in a hypothetical second round runoff. COMMENT: The new Clave Digital poll differs considerably from reliable polls taken in July and August, which showed Fernandez's lead over Vargas at only 3-to-7 percent. Since there have been no major developments in the race between the time the polls were taken, we are not accepting these new figures as gospel.

13. (SBU) JCE on Haitian Community's Allegations Regarding Identity Documents

In a meeting with POLOFF, Roberto Rosario, President of the Administrative Chamber of the Central Electoral Board (JCE), claimed that there are no stateless persons in the Dominican Republic. We requested the meeting following complaints regarding "Circular 17," a directive from Rosario's office which gave working-level officials discretion to withhold or deny documentation and which human rights groups said was used to deny documents to qualified persons of Haitian descent. In our meeting, Rosario said that, since undocumented Dominicans of Haitian descent and their descendants have a jus sanguinis claim to Haitian nationality, they are not stateless. Rosario further elaborated that any persons born in the DR to parents who are in transit, as interpreted by the Supreme Court in 2005 to include people residing in the country illegally, are not Dominicans. COMMENT: The Haitian Embassy here allows late birth registrations with proper documentation for only one year after birth. Numerous Dominicans of Haitian descent have difficulty in complying with these requirements, rendering them undocumented and functionally stateless. Views differ within the JCE: Rosario's Circular 17 and his statement regarding the Supreme Court ruling contradict what the JCE President Castanos Guzman told the press in October, i.e. that "these people are Dominicans unless a court establishes otherwise."

14. (C) Electricity Sector Reorganization: Administrative or Substantive Change?

(U) President Leonel Fernandez issued an executive decree (628-07) on November 6 announcing the creation of new parastatal companies for hydroelectric generation and electricity transmission. The decree represents a significant reorganization of the electricity sector by taking control of both the hydroelectric industry and the nation's transmission lines out of the hands of the Dominican Corporation of State Electricity Companies (CDEEE). The move was required under the 2001 Electricity Law but was never implemented. A representative of the National Energy Commission, Onil Tabar, told ECONOFF on November 7 that despite the appearance of independence this new move creates, the head of the CDEEE, Radhames Segura, will likely retain indirect control of both companies, thereby mitigating the supposed benefits to the system's efficiency and autonomy. Tabar described the change as "merely administrative." However, Marco de la Rosa, President of the generation company AES Dominicana, said the move should not be dismissed offhandedly. De la Rosa suggested it is more important to follow the implementation process over the next few months to determine how independent these new parastatal companies will be. COMMENT: Segura, who has high political ambitions, has made both public remarks and engaged in political maneuvering to reassert state control over the nation's energy sector, which he views as having been gifted away to the private sector during the last Fernandez Administration's capitalization program. In this context, it is difficult to believe that these new state-owned companies will truly be independent of his control until there is demonstrable proof to that effect.

15. (C) Government Debts to Power Generators Mount

The Dominican government (i.e., the CDEEE) is in arrears in paying the country's electricity generators and has fallen into default in at least one case. The presidents of both AES Dominicana and the Electric Company of San Pedro de

Macoris, also known as Cogentrix, both confirmed to ECONOFF that the government, via the CDEEE and distribution companies, has failed to pay its bills for over 50 days. With the country's distribution companies unable to recover the full cost of electricity generation due to fraud, infrastructure problems, and administrative mismanagement, the government maintains a subsidy to keep the system running, estimated at roughly \$600 million in 2007 alone. Although payment delays are a regular occurrence, in this instance the government has failed to make good on payments for an unusually extended period of time. According to the president of Cogentrix, Roberto Herrera, his company is sending a second notice of default to the CDEEE requesting immediate payment. Herrera is concerned that if the government fails to pay within the next two weeks, the company's principal investors, led by Citigroup, will call in the sovereign guarantee they have through the Inter-American Development Bank. COMMENT: If Citigroup and other investors follow through with this threat it would have serious consequences for the country's sovereign credit rating and investment climate more broadly.

(U) This report and additional information can be found on Embassy Santo Domingo's SIPRNET site,
<http://www.state.sgov.gov/p/wha/santodomingo/>
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